

*In Re:* Jerome L. & Carol R. Gudvangen )  
District G2, Block 31M, Parcel A80 ) Shelby County  
Residential Property )  
Tax year 2005 )

## 1



In support of the disputed value, the Assessor's representative analyzed three recent sales of Dogwood Creek homes of similar age and size. The time-adjusted prices for those comparables ranged from \$271,100 to \$285,800.<sup>2</sup> Mr. Nesbit also submitted information downloaded from the "Building-Cost.net" Web site purporting to show that there was little difference between the costs of constructing brick veneer and frame houses.

Tenn. Code Ann. section 67-5-601(a) provides (in relevant part) that "[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values...."

Since the appellants seek to change the present valuation of the subject property, they have the burden of proof in this administrative proceeding. State Board Rule 0600-1-.11(1).

In the case of E. B. Kissell (Shelby County, Tax Years 1991 & 1992, Final Decision and Order, June 29, 1993), the Assessment Appeals Commission observed that:

The rate of increase in the assessment of the subject property since the last reappraisal or even last year may be alarming **but is not evidence that the value is wrong**. It is conceivable that values may change dramatically for some properties, even over...a year.<sup>3</sup> [Emphasis added.]

*Id.* at p. 2.

The State Board has consistently adhered to this view in the adjudication of property assessment appeals. Likewise, this agency has repeatedly deemed the *appraised* values of properties other than the property under scrutiny to be irrelevant on the rationale that:

The assessor's recorded values for other properties may suffer from errors just as (the appellant) has alleged for her assessment, and therefore the recorded values cannot be assumed to prove market value.

Stella L. Swope (Davidson County, Tax Years 1993 & 1994, Final Decision and Order, December 7, 1995), p. 2. See also Jerry L. & Margaret D. Jonakin (Shelby County, Tax Years 1993 & 1994, Final Decision and Order, December 13, 1994).

To their credit, the appellants identified eight apparently arm's-length transactions that occurred in their neighborhood during the two-year period preceding the reappraisal date. But four of those sales involved houses at least 10% larger or smaller than the subject; and only the square footage and exterior wall type of each comparable were specified. Moreover, with regard to the crucial reconciliation of values in a sales comparison approach, an authoritative textbook states that:

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<sup>2</sup>Mr. Nesbit placed most weight on the highest-priced comparable (8162 Meadow Glen) because it required the least adjustment.

<sup>3</sup>Of course, it is also possible that a property may have previously been undervalued. Even the most technologically advanced and sophisticated mass appraisal systems obviously generate imperfect results.



Ideally, the value estimates will be within a narrow range. **In selecting the single value estimate, the assessor must never average the results. Rather, the process requires the assessor to review the adjustments made and place the greatest reliance on the most comparable property.** This comparable is the one that requires the fewest adjustments. [Emphasis added.]

International Association of Assessing Officers, Property Appraisal and Assessment Administration (2<sup>nd</sup> ed. 1996), pp. 123-24.

Respectfully, in light of this generally accepted appraisal principle, the administrative judge must accord greater evidentiary weight to Mr. Nesbit’s comparative sales analysis. Even if the sale prices for his brick veneer comparables were negatively adjusted by the \$2.00-per-square-foot amount Mr. Gudvangen suggested, the appraisal of the subject property would still fall within the indicated value range. Hence the county board’s determination of value is affirmed.

Order

It is, therefore, ORDERED that the following values be adopted for tax year 2005:

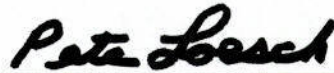
LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$63,500	\$212,500	\$276,000	\$69,000

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 27<sup>th</sup> day of September, 2006.



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PETE LOESCH  
ADMINISTRATIVE JUDGE  
TENNESSEE DEPARTMENT OF STATE  
ADMINISTRATIVE PROCEDURES DIVISION

cc: Jerome L. & Carol R. Gudvangen  
Tameaka Stanton-Riley, Appeals Manager, Shelby County Assessor's Office

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